

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 2000-850

November 8, 2000

PINE TREE TELEPHONE COMPANY
Request for Approval of Reorganization
As A Result of Issuing a New Series of
Preferred Stock by CRC

ORDER APPROVING
REORGANIZATION

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

I. INTRODUCTION

In this Order we approve a “restructuring” of Pine Tree telephone and Telegraph Company (Pine Tree). The restructuring consists of the issuance of a new series of preferred stock by Pine Tree’s corporate parent, Country Road Communications, Inc. (CRC) and the acquisition of that stock by Shamrock Holdings of California, Inc. (Shamrock).

On September 27, 2000, Pine Tree filed a purported “Amended Request for Approval of Reorganization” in a pending reorganization case in Docket No. 2000-667. The pending case requested approval of the creation of an intermediate corporation between CRC and Pine Tree. The Administrative Director of the Commission determined, however, that the reorganization described in “Amended Request” was a wholly separate reorganization from that described in the August 4th request. The Administrative Director therefore opened a new case in the docket number listed above.

In this case, the Company seeks approval pursuant to 35-A M.R.S.A. § 708 for the acquisition by Shamrock of a portion of an issuance of a new series of Preferred Stock by CRC.

II. BACKGROUND, DESCRIPTION OF THE RESTRUCTURING AND FINDINGS

In *Pine Tree Telephone Company, Request for Approval of Reorganization and For Exemption from Approval For Certain Future Reorganizations and Motion For Protective Order*, Docket No. 99-381, the Commission approved a reorganization of Pine Tree that included its acquisition by CRC.¹ In approving the Revised Stipulation (December 23, 2000) in that case, the Commission granted Pine Tree a general exemption from the reorganization approval requirements of 35-A M.R.S.A. § 708(2) for large categories of future reorganizations. Certain “restructurings” of Pine Tree or CRC remained subject to the approval requirement, however. One of the restructurings

¹CRC was formerly known as PTW Acquisition Corp. (PTW). The Revised Stipulation approved in Docket No. 99-381 refers throughout to PTW rather than CRC. We will consider all references in the Revised Stipulation to PTW as references to CRC.

described in Section III(D) of the Stipulation is the acquisition by a person or entity or group of affiliated persons or entities of 10% or more of "Voting Security Preferred Stock" of CRC.

In this case, CRC proposes to issue a new series of preferred stock, to be identified as "Series B Convertible Preferred Stock." That stock will be acquired by Prudential Insurance Company and Shamrock Holdings of California, Inc. or by affiliates of those companies.

The new series of preferred stock will have substantially the same voting rights as are currently possessed by Prudential through the Initial Preferred Stock in CRC that it owns. Because of this substantial equality of the voting rights, the Company states that the new stock "appears to constitute" Voting Securities Preferred Stock under the terms of the Stipulation in Docket No. 99-381. The new stock actually carries two additional rights beyond those included in the Initial Preferred Stock. The additional rights are the approval of any public offering other than a qualified Initial Public Offering and the approval of the annual business plan of CRC. Those two additional rights will also be added to the rights under the Initial Preferred Stock. We find that the Series B Convertible Preferred Stock has "substantially the same rights" as the Initial Preferred Stock and is therefore Voting Securities Preferred Stock as defined in the Revised Stipulation in Docket No. 99-381.

Because the acquisition by Shamrock will result in Shamrock's owning 10% or more of the total preferred shares of Voting Security Preferred Stock of CRC, Section III.D.7.b.iii of the Revised Stipulation defines such a result as a restructuring of CRC. Section III.D.2.d of the Revised Stipulation requires Pine Tree to obtain approval of such a restructuring pursuant to 35-A M.R.S.A. § 708(2).

Because the rights under the Initial Preferred Stock have been amended to include the two additional rights extended to the Series B Convertible Preferred Stock, we also find that the new Series B Convertible Preferred Stock does not have greater rights than the rights under the Initial Preferred Stock within the meaning of Section III.C of the Revised Stipulation. Accordingly, Shamrock is not considered to be an affiliated interest of Pine Tree pursuant to the terms of that section.

III. DISCUSSION AND ORDER

We find that Pine Tree's request for approval of this restructuring is not adverse to the public interest, and we therefore will approve it. The restructuring serves as a means by CRC to obtain additional financing. CRC asserts that it needs the funds to continue its expansion into various telecommunications areas, and the existence of additional investors in CRC will not change the current relationship between CRC and Pine Tree, nor will it in any way impede the Commission's ability to regulate Pine Tree in accordance with applicable law and the terms of the acquisition Stipulation in Docket No. 99-381. We agree with that assessment, but we remind Pine Tree and CRC that we expect the Company to live up completely to its obligations to the Commission and

to Pine Tree's ratepayers to provide safe and adequate service, and continue to maintain and upgrade its network to meet the needs and demands of its customers.

Accordingly, pursuant to the provisions of 35-A M.R.S.A. § 708(2), we

APPROVE

the restructuring of Country Road Communications, Inc. (an affiliated interest of Pine Tree Telephone & Telegraph Company), consisting of the issuance of Series B Convertible Preferred Stock by CRC and the acquisition of a portion of that stock (amounting to 10% or more of the Voting Security Preferred Stock in Country Road Communications, Inc.) by Shamrock Holdings of California, Inc., as described in the Request for Approval by Pine Tree Telephone & Telegraph Company and in this Order.

Dated at Augusta, Maine, this 8th day of November, 2000.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR: Welch
Nugent
Diamond

NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within 30 days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Civil Procedure, Rule 73, et seq.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.